

Analysis By: Yung Ouyang

## PORTLAND BUREAU OF TRANSPORTATION

All Funds Budget Summary	Adopted FY 2014-15	Request Base FY 2015-16	Decision Pkgs FY 2015-16	Request Total FY 2015-16	Percent Change
<b>Resources</b>					
Budgeted Beginning Fund Balance	\$59,333,142	\$65,098,457	\$0	\$65,098,457	9.7%
Licenses & Permits	2,771,315	3,221,444	55,056	3,276,500	18.2%
Charges for Services	61,033,560	67,362,175	161,604	67,523,779	10.6%
Intergovernmental Revenues	90,610,537	96,876,279	327,660	97,203,939	7.3%
Interagency Revenue	29,525,000	30,380,698	250,000	30,630,698	3.7%
Fund Transfers - Revenue	17,618,148	18,871,037	31,307,709	50,178,746	184.8%
Bond and Note Proceeds	51,047,665	20,749,520	90,480	20,840,000	-59.2%
Miscellaneous Sources	3,890,596	2,359,204	0	2,359,204	-39.4%
<b>Total Resources</b>	<b>\$315,829,963</b>	<b>\$304,918,814</b>	<b>\$32,192,509</b>	<b>\$337,111,323</b>	<b>6.7%</b>
<b>Expenditures</b>					
Personnel Services	\$74,603,298	\$80,706,576	\$9,294,404	\$90,000,980	20.6%
External Materials and Services	78,530,381	64,085,773	6,289,064	70,374,837	-10.4%
Internal Materials and Services	28,532,164	30,552,095	96,832	30,648,927	7.4%
Capital Outlay	35,329,972	24,534,373	16,512,209	41,046,582	16.2%
Debt Service	19,036,470	17,550,908	0	17,550,908	-7.8%
Fund Transfers - Expense	13,474,919	13,963,988	0	13,963,988	3.6%
Contingency	64,640,298	71,842,640	0	71,842,640	11.1%
Unappropriated Fund Balance	1,682,461	1,682,461	0	1,682,461	0.0%
<b>Total Requirements</b>	<b>\$315,829,963</b>	<b>\$304,918,814</b>	<b>\$32,192,509</b>	<b>\$337,111,323</b>	<b>6.7%</b>
<b>Total Bureau FTE</b>	<b>749.00</b>	<b>755.62</b>	<b>27.08</b>	<b>782.70</b>	<b>4.5%</b>

Percent Change is the change from FY 2014-15 Adopted Budget to FY 2015-16 Total Requested Budget.

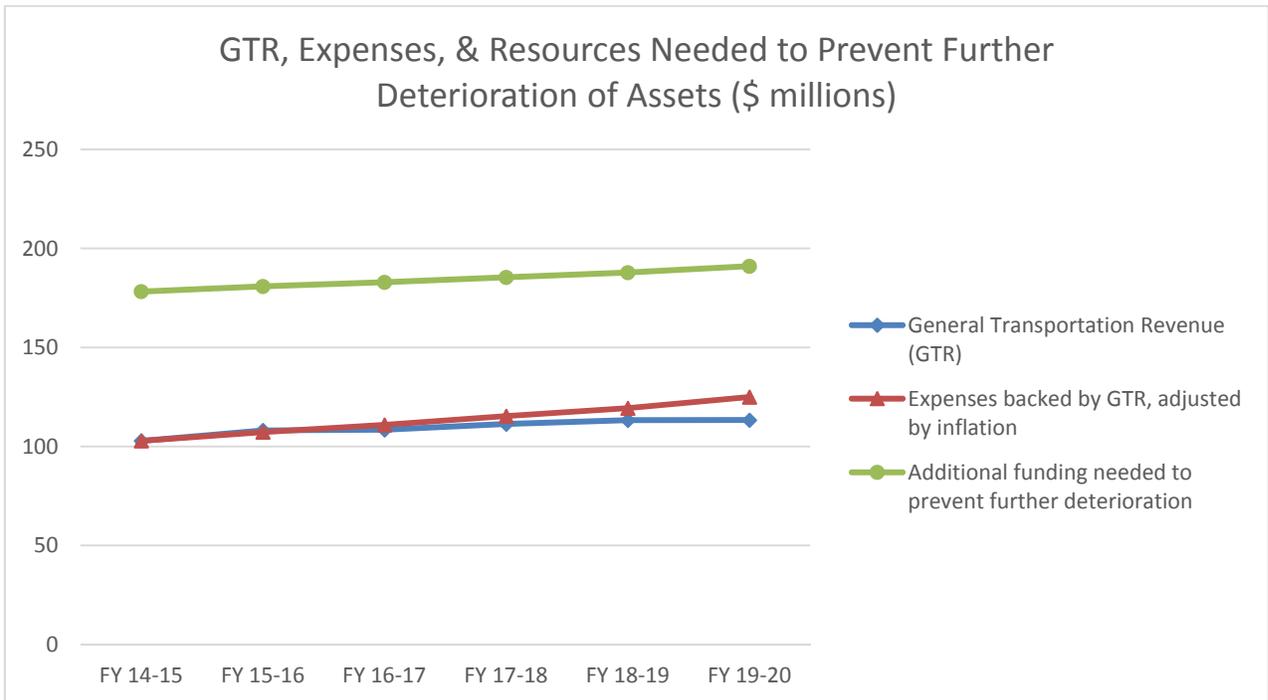
### Key Issues

#### Discretionary Funding Gap

The City's efforts to implement a fee or local income tax for street preservation has highlighted the bureau's need for additional revenues. A graph on the following page shows the bureau's projected General Transportation Revenue (GTR), projected expenses funded by GTR, and the amount needed to prevent deterioration of assets over a five-year period. The Oregon State gas tax is not indexed for inflation and has not been increased since 2009. This, combined with vehicles becoming more fuel efficient, means discretionary revenues are projected to be relatively flat in coming years despite the recent economic recovery. PBOT's forecast for the gas tax is derived from the State forecast and does not take into consideration the recent drop in oil prices. GTR-funded expenses are projected to grow at an average of about 4% over the next five years based on inflation factors distributed by the City Economist, and thus revenues do not keep pace with operational cost increases.

In its Five-Year Financial Forecast, PBOT states that in stable, healthy economic times, the variance in the growth of GTR compared to requirements creates an approximate annual deficit of almost \$2.0 million. In its forecast, the bureau has indicated that additional investments of \$178-\$191 million per year are required to halt the decline in the system condition and improve the current condition of the assets. For

the pavement system alone, \$119 million per year for ten years is needed to meet the bureau’s goal for the condition of the City’s streets. Thus, due to the lack of discretionary resources, the City’s transportation asset condition will continue to deteriorate under the most optimistic scenario. CBO continues to recommend that PBOT explore the implementation of alternative sources of additional revenue as well as protect GTR from uses that are not core to the bureau’s mission. Past Councils have made decisions that committed a substantial percentage of GTR to make debt service payments on large infrastructure projects that, although transportation related, may be considered outside the core operations and maintenance requirements of the City’s transportation assets.



### Debt Service

Discretionary transportation revenues pay the debt service on gas tax revenue bonds, some limited tax revenue bonds, and a portion of the City’s pension obligation bonds. Debt service payments increased each year from FY 2008-09 up to the current fiscal year, as the bureau took on payments for bonds related to the Portland-Milwaukie Light Rail and the Sellwood Bridge Replacement projects. PBOT estimates that an average of \$9 million will be spent each year on debt service payments for these two projects over the life of the debts. FY 2015-16 debt for the projects total \$6.8 million, but the amounts will increase in future years. Please note that the figures presented in this section are from mid-January and may not represent the actual amounts in the bureau’s Requested Budget.

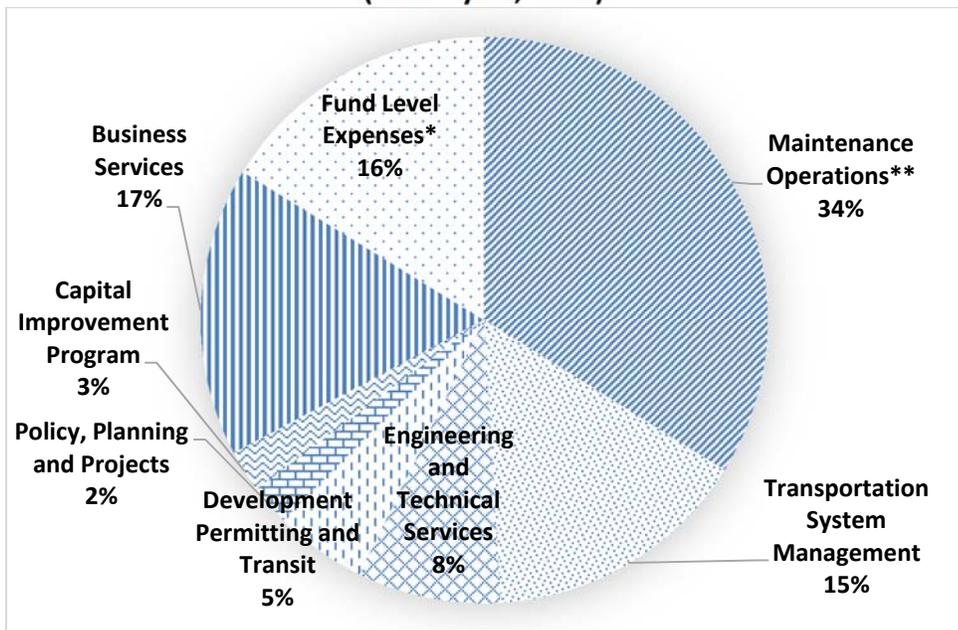
The ongoing GTR-funded amount for all debt totals \$16.3 million in FY 2015-16, with the largest percentage (30%) allocated to the bureau’s portion of the City’s pension debt. Other large, specifically transportation-related debt service items include:

- \$4.3 million for the match payment for Sellwood Bridge replacement,
- \$2.5 million for the match payment for the Portland-Milwaukie Light Rail Project,
- \$2.1 million for the match payment for the Transit Mall Revitalization Project, and
- \$1.7 million for multiple GTR capital projects.

Total FY 2015-16 debt service is 9% less than FY 2014-15 mostly due to not having to make payments for the lines of credit for replacement paystations and temporary financing for streetlight LED conversion and Close the Loop projects. Debt service in FY 2015-16 also comprises a substantial percentage (15%) of discretionary revenue. The pie chart below illustrates the breakdown of how the bureau projects to spend GTR in FY 2015-16. The City does not have a formal debt limit for debt paid by PBOT resources, but OMF-Debt Management has indicated that PBOT is well above its minimum debt coverage target of annual revenues equal to or greater than three times annual debt service.

Debt obligations limit the bureau’s financial flexibility for near and medium-term gas tax projects. CBO recommends PBOT and City Council continue to be mindful of the trade-offs between bond financing versus the pay-as-you-go approach to project financing, as well as committing the bureau to large, non-core projects that would dedicate GTR to debt service payments for many years. The FY 2015-16 Requested Budget includes a Special Appropriations request for \$700,000 of General Fund resources for the second round of work on the Southwest Corridor Draft Environment Impact Statement. At this point, it is too early to know what may come out of the effort, but light rail may be a possibility, and with the uncertainty of future federal funds for transportation infrastructure, local governments may have to come up with the resources to build the scoped project should the region decide to move forward.

**FY 2015-16 Use of Ongoing General Transportation Revenues (GTR) Totaling \$105.5 Million  
(January 16, 2015)**



\*Includes the \$16.3 million in debt service discussed above as well as an \$11.1 million overhead recovery offset that decreases total fund level requirements.

\*\* Includes \$11.8 million for street maintenance

**Payment Gateway System**

A recent audit released by the City Auditor has determined that the City is not following the credit and debit card industry's standards for protecting users from security breaches and fraud. The audit notes that none of the City's systems fully follow the guidelines outlined by the Payment Card Industry (PCI) Data Security Standards. OMF has determined that replacement with a standardized gateway product, developed and supported by a third-party, is the most cost effective and timely resolution to help the City achieve PCI compliance and will also offer the City a robust solution to support growing electronic payment processing needs. The new gateway will be paid for with transaction fees and includes price

point breaks for when volume exceeds negotiated transaction levels. A bureau using the payment gateway will have fees deducted from its revenue stream based on the number of transactions processed by that bureau. PBOT is the main bureau whose budget will be impacted should there be no General Fund relief for this additional fee; PBOT represents 80 percent of transactions processed, largely through credit card charges for parking meters. OMF has estimated PBOT annual revenue loss ranges from \$500,000 to \$825,000. PBOT has identified the issue in its Five-Year Forecast, with a \$4.0 million impact over the forecast, although there is no formal request for relief in its Requested Budget. If PBOT has to bear the additional costs itself, it can pass the cost onto the consumer or the bureau can reduce service levels elsewhere. CBO recommends that Council carefully consider how to address this upcoming need.

### **Transportation Strategy Development**

In prior years, CBO has recommended that the City develop and adopt a transportation strategy that states its overall transportation policy goals and objectives. A developed strategy should identify priorities such as infrastructure preservation and development of new transportation projects and balance them against available resources. Although the City's pursuit of a fee or local income tax for street maintenance is currently on hold, with the possibility of new revenues not too far out on the horizon, the need for an overall strategy is as pertinent as ever. The bureau has developed a three-year prioritized list of maintenance and safety projects, as well as a draft list of similar projects for the succeeding three years should funding become available at the "Our Streets" projected level of \$43 million annually.

In FY 2014-15, the bureau is following its recently released two-year work plan. This plan is a short-term plan with actionable tasks focused on service delivery, and some of the bureau's requests for additional General Fund resources are for projects from the plan (e.g., expanding the Safe Routes to School program). Another request, not for additional funding but reallocating existing resources, seeks to add a position to support launching a Vision Zero Implementation Plan to eventually eliminate motor vehicle crash deaths. This is also in the two-year work plan. The plan does not address the issue of how to fund these projects but does make note of the insufficiency of resources to fund many of the bureau's programs and goals.

The bureau is also updating the Transportation System Plan (TSP), a State-mandated document, which will serve to articulate the City's overall transportation policy goals and objectives. The TSP has a timeframe of 20 to 25 years and ideally should be updated every five years. The current update will be completed by the end of 2016. The TSP is required to have a financing plan. The last iteration (2007) discussed requirements, funding sources, potential new local funding sources, and assumptions for each revenue stream, and modeled three financial scenarios. Two of PBOT's realignment decision packages seek to extend several limited-term positions to continue work on updating the TSP as well as the City's Comprehensive Plan. The TSP includes a financially constrained and non-financially constrained list of projects, both geographically-specific and citywide. The proposed projects include the maintenance and safety projects that would be completed should new transportation revenue be identified.

### **Key Performance Measures (KPMs)**

PBOT has selected six KPMs, with two of them concerned with assets, two pertaining to the bureau's core mission or functions, one focused on progress on a multi-year project, and one related to an audit finding. A discussion of these measure is as follows:

#### Lane miles of contract paving on existing streets

State regulations dictate that PBOT contract out for the resurfacing of highways, roads, or streets at a depth of two or more inches and at an estimated cost that exceeds \$125,000. This is a new workload

measure for the bureau. Although workload measures generally lack context or comparison points, and therefore are of marginal value in assessing performance, in this case, it serves an important role given the amount of attention paid to the City's efforts to implement a fee or local income tax for street preservation. The amount of paving the bureau is able to do in a year can serve to highlight the bureau's funding needs as well as the amount of effort the bureau is putting into preserving an important City asset. In its FY 2015-16 base budget, PBOT did not budget discretionary resources for contract paving or road rehabilitation projects. The bureau's highest priority request for General Fund resources contains a component for paving and if funded, would positively impact this measure.

#### Percent of PBOT-owned bridges in non-distressed condition

This measure used to be called "percent of bridges in fair or better condition," but the bureau changed the name to align with the Oregon Department of Transportation's (ODOT) practice. City-owned bridges are inspected every two years by certified inspectors. The bureau's Requested Budget contains requests for additional General Fund resources to repair two bridges, and PBOT has indicated that the measure would show a 1% improvement, from 84% to 85%, if it receives the requested funding.

#### Total serious, incapacitating traffic injuries and fatalities Citywide

This metric is crash data that is self-reported, collected by Police, and processed by ODOT. It is the only KPM whose reliability is considered by the bureau to be medium, with the other five KPMs' reliabilities all considered high. With the bureau's launching of its Vision Zero Implementation Plan to eliminate traffic fatalities, this measure serves to highlight progress on a vital priority for the bureau. A couple of PBOT's requests for additional General Fund resources impacts this measure, including funding for safety improvements on 122<sup>nd</sup> Ave (a High Crash Corridor) and for an expansion of the Safe Routes to School program to middle-school students. The bureau has indicated that there would be five fewer injuries and fatalities Citywide, a drop from 255 to 250, if its requests are funded.

#### Percent of trips made by people walking and bicycling, including to transit

This measure pertains to the bureau's Active Transportation Program and is also related to the City's climate change goals. One of PBOT's objectives is to encourage people to drive less and utilize other methods of transportation more, and this KPM is effective at measuring progress on the bureau's methods. Data is from the US Census Bureau which conducts the American Community Survey annually with roughly one out of every 38 Americans. The most notable request for additional General Fund resources that affects this measure is for the expansion of the Smart Trips program to underserved communities. The measure would improve by 1%, from 24% to 25%, if its budget requests are approved by Council.

#### Percent of City-owned and maintained lighting that comes from LED streetlights

This KPM measures progress on a multi-year project to replace the City's lights with more energy-efficient ones that produce savings for the City in the long run. See write-up for request TR\_13 below for more details of the project.

#### Percent of Streetcar on-time performance

An audit issued by the City Auditor's Office in December 2014 pointed out issues with on-time performance of the Streetcar system, and PBOT has selected this measure as a KPM to highlight its improvement in service delivery as well as data collection.

## Decision Package Analysis & Recommendations

### **Maintenance & Safety Funding, TR\_01, \$5,000,000**

This request for General Fund one-time resources consists of two components: 1) \$2.2 million for safety projects on 122<sup>nd</sup> Avenue to prepare the High Crash Corridor for frequent bus service, and 2) \$2.8 million for paving on busy streets.

The bureau is currently working with the community to determine which of the \$8 million of safety projects identified for 122<sup>nd</sup> Avenue would be funded with the request but has noted that five identified crossing improvements are a top priority. The street has an incidence of pedestrian crashes that is about 50% higher than the Citywide average, and PBOT has identified 64 total crashes involving pedestrians, 54 involving cyclists, 40 incapacitating injury crashes, and 6 traffic fatalities in the 10 years of crash data examined in its High Crash Corridor report for the road. PBOT notes that when a crossing is built with a pedestrian island, there is, on average, a 46% reduction in pedestrian crashes, and the installation of Rectangular Rapid Flashing Beacons has been shown to increase the percentage of motorists yielding for pedestrians in the crossing fivefold. CBO recommends the \$2.2 million for safety projects on 122<sup>nd</sup> Avenue because the request meets some of the criteria for additional General Fund resources, including:

- Expanding assets in areas that are underserved – 122<sup>nd</sup> Avenue is in East Portland which has been historically underserved;
- Sustainability goals related to climate change – Infrastructure that makes it safer to walk should encourage citizens to walk instead of drive.

One of the bureau's KPMs is the number of serious, incapacitating traffic injuries and fatalities, and the safety projects should improve the bureau's performance for this measure.

Regarding the \$2.8 million for paving on busy streets, PBOT indicates that 3.42 lane miles on SW Capital Highway from SW 49<sup>th</sup> Avenue to SW Barbur Blvd. would be worked on. It notes that considering that 53% of the streets in the city are in poor or very poor condition, and there are a total of 4,800 lane miles, that means about 2,500 lane miles need some work. Thus, improving 3.42 lane miles is minimal. One of the bureau's KPMs is the number of lane miles of contract paving on existing streets, and the value for this measure would increase by 3.42 lane miles if the request is funded.

CBO is not recommending funding for this portion of the request. Instead, CBO recommends the funding of a Road Rehabilitation project in request TR\_02 below that has been submitted as part of the Citywide major maintenance process. Contract paving on SW Capital Highway was not one of the projects submitted as a part of the process and presumably is not a higher priority than the submitted projects. Furthermore, the Road Rehabilitation project recommended to be funded in TR\_02 is also on 122<sup>nd</sup> Avenue and therefore, should have synergy with the safety improvements recommended to be funded in this request.

*CBO Recommendation: \$2,200,000*

### **Major Maintenance & Infrastructure Replacement Projects, TR\_02, \$24,482,709**

In accordance with the recently passed resolution to dedicate at least one-half of one-time discretionary resources to infrastructure maintenance or replacement projects, with specific intent to fund projects

related to emergency preparedness, parks and recreation, and transportation, PBOT submitted requests totaling \$24.5 million for 12 maintenance projects classified as Road Rehabilitation; Bridges and Structures; Signals & Streetlights; Streetcar; and Guardrails Replacement. Along with projects submitted by other bureaus, PBOT's projects were each provided a ranking based on overall risk to the City. In its recommendations for which should be funded, CBO selected those that received high rankings, while also considering the limited amount of funds available during this budget development process. The recommended list contains four PBOT projects that ranked second, third, fifth, and tenth for overall risk, totaling almost \$5.6 million. The PBOT projects recommended to be funded consist of one Bridges & Structures project, two Signals & Streetlights projects, and one Road Rehabilitation project:

- a Rock Slide prevention Screen at the failed outcrop along SW Taylor's Ferry Road adjacent to the Fulton Park Blvd. intersection;
- a rebuild of up to five traffic signals subject to failure due to wiring that is past its useful life and traffic signal poles that are rusting;
- a project to address electrical safety concerns at streetlight poles that are not properly grounded and to convert some street lighting to Light Emitting Diodes (LED); and
- a full reconstruction and asphalt grinding and inlay, as well as the addition of ADA ramps and stormwater facilities, on NE 122<sup>nd</sup> Avenue.

Although there is another Road Rehabilitation project that ranks higher than NE 122<sup>nd</sup> Avenue on overall risk, CBO is recommending the one on NE 122<sup>nd</sup> Avenue in combination with its recommendation to fund safety improvements in request TR\_01. As noted above, 122<sup>nd</sup> Avenue is in East Portland which has historically been underserved.

*CBO Recommendation: \$5,557,000*

#### **Old Highway Transfers Evaluation / Assessment, TR\_03, \$200,000**

PBOT requests \$200,000 of one-time General Fund resources to provide staff time and vendor services to develop a strategy around the jurisdictional transfer to City government of select Oregon State Highways within Portland, including assessing infrastructure condition, needs, and costs along two priority corridor segments and establishing a framework agreement for negotiating future jurisdictional transfers. PBOT is concerned about taking over the maintenance and operations of these State Highways given a lack of resources and believes that conducting this assessment would enable it and other City bureaus to be better situated to negotiate with the State.

CBO agrees that PBOT should be concerned due to its lack of discretionary resources and believes that it is prudent for the City to at some point conduct such an assessment. However, CBO is recommending against this request. In its Requested Budget, PBOT submitted several requests for additional General Fund resources for paving and other maintenance needs because it already has a large backlog of maintenance projects that it is not able to fund with its own resources. CBO does not recommend funding a project that moves the City toward potentially taking on additional liability instead of managing its existing liability.

While the requested amount of \$200,000 may be small in comparison to PBOT's overall budget, this investment would be an indication that the City is advancing on the path of taking over the highways. There is currently no stated direction from Council to pursue negotiations with the State. Funding an assessment with General Fund resources prior to a confirmation of Council intentions may be premature and potentially creates momentum on the issue. In addition, with the City temporarily halting its effort to implement a street fee or local income tax due to potential additional funding from the State, it may be

better to wait until there is some resolution to the State's efforts. If the State realizes additional resources that can be passed onto the City, it may also have the resources to maintain its own highways.

CBO recommends that the bureau resubmit the request subsequent to resolution or directive from City Council. Such a resolution would ideally include a low confidence but conservative estimate of net present costs for Council to consider. Moreover, if Council decides that taking over the State highways is best for the city, CBO recommends that it consider requiring the State to contribute funding, with no accompanying conditions, to such an assessment before the City takes jurisdiction over any of the highways. If the bureau has not already begun to do so, CBO recommends that PBOT conduct rough estimates of the costs of taking over a State highway segment which should be feasible if the State readily provided data on infrastructure condition.

*CBO Recommendation: \$0*

#### **Local Improvement District (LID) Value Capture, TR\_04, \$50,000**

PBOT requests \$50,000 of one-time General Fund resources to hire a consultant to develop a methodology to quantify the potential assessed value increase resulting from LID-funded infrastructure investments which its staff will apply to a millage rate to derive increased property tax revenue to the City, schools, and other partners. The results of the project may eventually lead to an innovative new value capture financing mechanism where a portion of the property tax increases from LIDs are deposited into an LID matching fund, thereby providing a funding stream that may assist in resolving the backlog of unimproved streets.

PBOT notes that City staff have conducted analyses of a few recent local street improvement LIDs, and the bureau has provided CBO with an example of an initial, rough estimate of the increase in assessed value resulting from LID-funded infrastructure investments and the effects on property tax. PBOT notes that if its request is funded, staff will work with the consultant to include multiple example LIDs from a variety of project types to use as typologies to test this new approach. The bureau believes that with the methodology developed by the consultant, the amount of work that City staff may have to do to actually quantify the increase in property values and resultant property tax increases for each individual property year after year is fairly minimal.

CBO agrees that LIDs boost property values and, therefore, property taxes (although it should be noted that an LID in an Urban Renewal Area does not boost General Fund revenues), and so it is persuasive that perhaps the General Fund should subsidize some LID projects. However, CBO also believes that this should be done on a case-by-case basis, perhaps as a pilot project, and would gladly assist PBOT in identifying possible projects and determining the level of subsidy. CBO does not believe that there is a need for a third-party analysis, as there is agreement that LIDs provide some General Fund benefit. Therefore, CBO recommends against this request.

*CBO Recommendation: \$0*

#### **Youth Bus Pass, TR\_05, \$1,000,000**

The City has been funding a portion of the costs of the Youth Bus Pass program for high school students in the Portland Public School district since FY 2011-12 (see the following table for amounts and sources of funding), and PBOT is requesting that the FY 2015-16 contribution of \$1.0 million come from the General Fund. Prior to FY 2011-12, the passes were funded by Oregon State's Business Energy Tax Credit program and Portland Public Schools. The \$1.0 million contribution is one-third of the costs of the entire program

as designated by TriMet, with the school district and TriMet each also paying for a third of the costs. PBOT states that despite repeated requests, TriMet has not provided an explanation of how it calculated the \$3.0 million figure for the total cost of the program.

Data from Portland Public Schools indicate that about half of its high school students qualify for free or reduced price meals, with 28% of the students directly certified by the district to qualify for free meals only. Qualification to receive free or reduced price meals is a surrogate for students at or below the poverty level who may not be able to afford to pay for TriMet services on their own.

<b>Fiscal Year</b>	<b>Amount</b>	<b>Source(s)</b>
2011-12	\$225,000	General Transportation Revenue
2012-13	\$200,000	General Transportation Revenue
2013-14	\$1.0 million	\$300,000 GTR, \$700,000 in-kind work by PBOT
2014-15	\$1.0 million	\$600,000 GTR, \$400,000 General Fund

With the City’s support, TriMet is seeking a solution to this issue from the State during the current legislative session. There is a proposal to modify the school funding allocation to provide funds to districts that do not have a yellow bus system for high school students. CBO recommends that the City wait until there is a resolution to the State’s efforts before committing any City funds, whether from the General Fund or from PBOT’s discretionary resources, and so is recommending against the request.

*CBO Recommendation: \$0*

**Last Thursday Events, TR\_06, \$25,000**

PBOT requests \$25,000 of one-time General Fund resources to provide staff time and vendor services to develop traffic control plans, coordinate with Police and Tri-Met, and implement and monitor traffic controls at Last Thursday events. Following City financial policies, the bureau normally charges fees to provide these services for events, but it does not receive any fee revenue for providing services for Last Thursday events. The bureau is instead funding Last Thursday costs with its own discretionary resources and has paid a median amount of about \$26,000 over the last five years. CBO recommends against this request because several other City bureaus have also been absorbing Last Thursday costs, including the Police Bureau. While PBOT is the only non-General Fund supported bureau that is spending on the events, the General Fund supported bureaus do not receive additional resources to perform their duties. CBO recommends that Council consider revisiting the issue of how Last Thursday duties should be funded.

*CBO Recommendation: \$0*

**Citywide Enhanced Transit Corridors (ETC) Plan, TR\_07, \$100,000**

PBOT eliminated a transit planner position during a previous budget cycle, and thus the bureau is now requesting \$100,000 in one-time General Fund resources to do planning work related to frequent transit service on corridors forecasted to have significant growth. PBOT has indicated that in recent years, both it and the Bureau of Planning and Sustainability (BPS) have sought additional one-time funding for transit planning. CBO is recommending against this request because it believes that transit planning work should be funded by the bureaus’ base budgets and relying on one-time resources for an ongoing need is not sustainable. CBO recommends that the bureaus seek a long-term solution to build in an ongoing capacity to do planning work associated with frequent transit because the need is ongoing and will persist.

*CBO Recommendation: \$0*

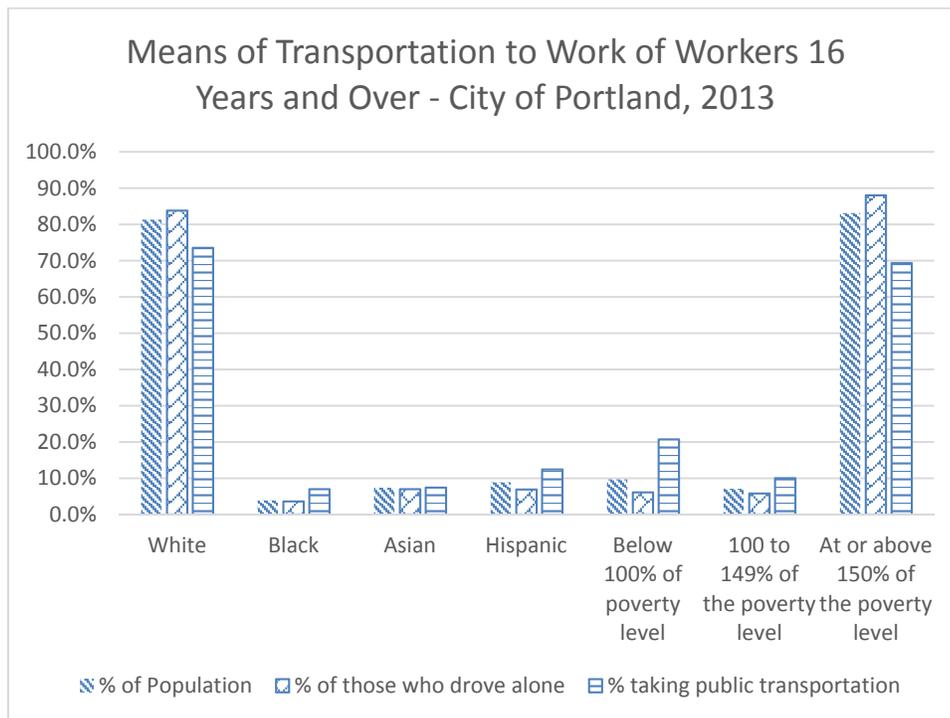
### Portland's Climate Change Goals – Smart Trips, TR\_08, \$150,000

This request is for \$150,000 of General Fund one-time resources to expand the Smart Trips program to reach underserved communities, including immigrants and the low-income population, to encourage them to drive less and utilize other modes of transportation more.

Last year, PBOT's Active Transportation program piloted a project working with underserved communities that demonstrated that residents who engaged in the program were more likely to increase their mobility by walking. Overall, the Smart Trips program aims to reduce drive-alone trips by 1.5% each year and increase active transportation by about the same amount. With this request for \$150,000, the bureau hopes to shift 0.5% of the population to active transportation modes.

CBO notes that the request meets some of the criteria outlined in the Mayor's Budget Guidance memo, including the priority area of Equity and Opportunity (since the outreach is to underserved communities) and sustainability principles related to climate change (since the goal is less driving). Moreover, it is relevant to one of the bureau's KPMs, the percent of trips made by people walking and bicycling, including to transit.

However, CBO does not recommend funding the request because data shows that the underserved community in Portland is already driving less (and utilizing other methods of transport more) than the non-underserved community, according to data from the US Census Bureau's American Community Survey for 2013 (1 Year Estimate). For example, although workers below 100% of poverty level make up about 10% of the city's worker population, they make up only about 6% of the workers who drove alone to get to work and 21% of those who took public transportation; and whereas workers at or above 150% of the poverty level make up 83% of the workforce, they make up about 88% of those who drove alone to work and only 69% of those who took transit. See graph below for a selection of the data.



*CBO Recommendation: \$0*

### **Portland's Community Needs – Safe Routes to School, TR\_09, \$300,000**

PBOT requests \$300,000 of General Fund one-time to expand its Safe Routes to School program to middle schools, with \$95,000 of the amount dedicated to staff time, \$40,000 for operating supplies, and \$165,000 intended for outside organizations. The bureau states that the collective services would reach the 8,843 middle-schoolers who attend one of the 14 traditional public middle schools in the city and that roughly 2,850 middle and high school students would be served through the funding to the outside organizations. PBOT notes that students in the city walk and bike to school at much higher rates than the national average (41% vs. 13%) and that middle school students tend to travel further to get to school and with greater independence. In the ten-year period from 2004 to 2013, there were 97 reported crashes involving middle school age students, 11 of which resulted in serious injury and two of which were fatal. Over the same period, there were 277 reported crashes involving high school age students, 32 of which resulted in serious injury and two of which were fatal. The Safe Routes to School program for elementary schools has been funded primarily via traffic fine revenue dedicated to safety projects, a revenue that has remained flat over the last several years, and with intermittent state and federal grants. The request is relevant to one of PBOT's KPMs: the number of serious, incapacitating traffic injuries and fatalities.

Although the bureau indicates that incremental steps can be achieved with one-time money, CBO does not recommend one-time funding for needs that are ongoing. In addition, CBO notes that the request generally does not align with the priorities outlined in the Mayor's Budget Guidance Memo, with the exception of the funding intended for one of the outside partner organizations, OPAL Environmental Justice Oregon, which works with communities of color and thus aligns with the Equity and Opportunity priority area. Funding this part of the request would enable OPAL to hire two youth organizers to work in high schools to build upon the organization's existing work in transit education, transportation needs assessment, and leadership development with students to increase their capacity to engage and educate youth. For that reason, CBO is only recommending the \$60,000 funding to OPAL.

*CBO Recommendation: \$60,000*

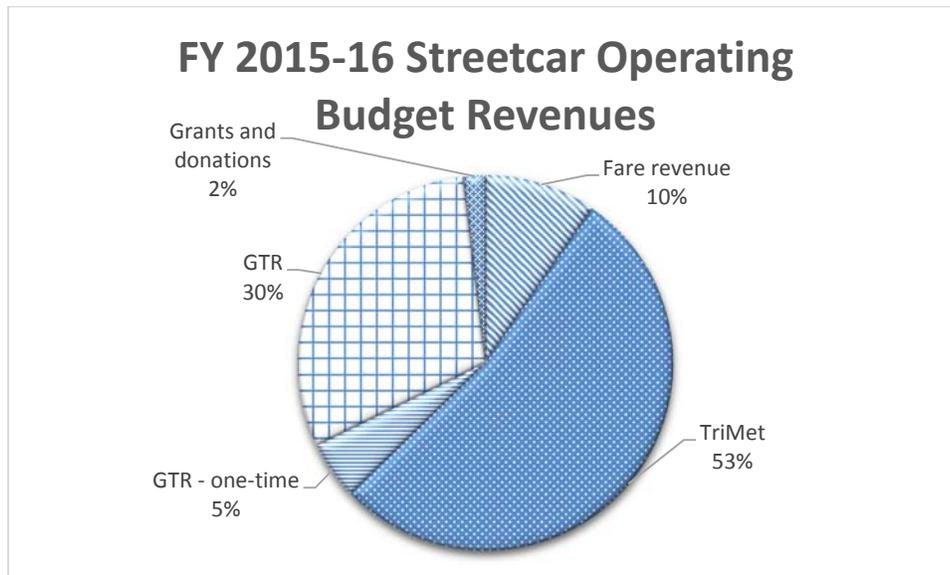
### **Development Review – Add Two Positions, TR\_10, \$216,660, 2.00 FTE**

Funded by \$106,572 in services charges, \$55,056 in construction permit revenues, and \$55,032 in inspection fees, the two positions requested in this package will enable the Development Review program to meet its timeline goals. The new Development Services Supervisor will enable the Division Manager to have seven direct reports instead of ten, while the Senior Planner will respond to the increasing volume of land use and other related development review applications being applied through the Bureau of Development Services. Historically, PBOT has been conservative in budgeting permit revenues. CBO has projected current year construction permit revenues to end the year at about 94% above budget, i.e. almost twice the budgeted amount, while charges for services are projected to be 2% over budget. As of the end of December 2014, the bureau had already exceeded budget for licenses and permits. In its FY 2015-16 Requested Budget, PBOT has increased the budget for permit revenues over FY 2014-15, but the budget is still lower than CBO's year-end projection for FY 2014-15.

*CBO Recommendation: \$216,660, 2.00 FTE*

### **Streetcar Operations – Add Officer Position, TR\_11, \$68,208, 1.00 FTE**

Anticipating increased ridership with the closing of the loop, PBOT requests to add a Streetcar Officer position for fare inspections. The position is funded by local shared revenue. The bureau's target for fare revenue, which is ultimately the expected resource to fund the position as stated in the request description, is about 10% of the total operating budget of \$13.7 million, with \$1.32 million budgeted.



*CBO Recommendation: \$68,208, 1.00 FTE*

**Sewer Cleaning – Interagency Agreement with the Bureau of Environmental Services (BES), TR\_12, \$250,000, 2.0 FTE**

CBO recommends this request to appropriate \$250,000 of funding from BES and add two ongoing positions to ensure that the City’s 37,000 manholes are inspected once every 12 years, with the positions performing an average of seven inspections per day. The positions cost about \$153,000, while \$97,000 will be spent on bureau overhead. Currently, PBOT’s Environmental Systems program inspects manholes only if their condition becomes evident while doing routine sewer cleaning, inspection, or repair work. The new positions will allow for a more extensive, comprehensive and systematic manhole inspection and condition assessment program.

*CBO Recommendation: \$250,000, 2.0 FTE*

**LED Lights Replacement, TR\_13, \$90,480, 1.00 FTE**

PBOT requests to add an Engineering Associate position funded by bond revenues to track street light conversions conducted by the Street Lighting Efficiency Program. Over the next two years, the bureau plans to replace 40,000 existing high-pressure sodium street lights with energy efficient LED ones, and the position will ensure lights are mapped and properly billed. Currently, the LED efficiency conversion project is scheduled to be completed by FY 2017-18. The percentage of City-owned and maintained lighting that comes from LED streetlights is one of PBOT’s Key Performance Measures. The bureau’s current year Revised Budget goal is 32%, while the target for FY 2015-16 is 50%.

With the conversion, there will be savings due to lower energy use and lower operations and maintenance costs. The anticipated savings are projected to be sufficient to cover the total associated debt service costs and the costs of implementation. By ordinance in 2012, Council directed PBOT to reserve savings sufficient to replace the street light assets at the end of their useful life once the savings have reached an amount needed for debt service and renewable energy purchase.

The following information on the financial impacts of the project are from 2012; the relevant parties, including bureau representatives and staff from OMF-Public Finance & Treasury, will be meeting later in

February to update all details. As noted previously, the savings will be applied first to cover debt payments for the initial \$6.5 million bond sale for the first phase. Based on market conditions in 2012, debt service on this phase is expected to be \$300,000 in the first year and increase to about \$660,000 over the remaining 11 years. Additional savings above debt coverage are expected to materialize starting in FY 2016-17. Up to \$84,000 per year of the additional savings will be directed toward the purchase of renewable energy. If future phases are completed up to the bonding authority of \$17.5 million, additional savings realized over and above the debt service and renewal energy commitments, estimated to be \$875,000 annually for 20 years, will be saved for the capital replacement of the LED lights.

*CBO Recommendation: \$90,480, 1.00 FTE*

**HSIP and Other Funded Projects, TR\_14, \$259,452, 3.00 FTE**

CBO recommends this request to appropriate \$259,452 in grant funding from the Oregon Department of Transportation and add three limited term positions to implement traffic signal modifications at over 40 intersections as a part of the Highway Safety Improvement Program.

*CBO Recommendation: \$259,452, 3.00 FTE*

**Realignment Package Adding New Permanent Positions, TR\_15-19, TR\_28, \$0, 14.00 FTE**

CBO recommends the six realignment packages adding new permanent positions which the bureau will fund by reducing its part-time or casual salary line item:

- 1) A Program Specialist to support the launching of the Vision Zero Implementation Plan and provide support to PBOT's Safety programs (\$99,984);
- 2) Nine positions in the Sidewalk Preservation program to update street corners to meet new Americans with Disabilities Act (ADA) requirements (\$728,628);
- 3) A Capital Project Controls Manager to ensure that capital projects have the oversight and tracking necessary to deliver them effectively and efficiently (\$102,900);
- 4) A Community Outreach Representative to engage underrepresented communities and ensure that they are communicated with when projects are being considered that impact them (\$94,728);
- 5) A Management Analyst in the Asset Management program to coordinate a strategic approach to managing transportation infrastructure (\$98,688); and
- 6) An Electrician to perform Streetcar substation maintenance and repair work formerly done by the Signals and Street Lighting Division of Engineering Services (\$97,044).

*CBO Recommendation: \$0, 14.00 FTE*

**Realignment Packages Adding Limited Term Positions, TR\_20, TR\_21, TR\_26, TR\_27, \$0, 3.41 FTE**

CBO recommends these four realignment packages to add or extend limited term positions which the bureau will be funding by reducing its part-time or casual salary line item:

- 1) Two Associate Planners to continue updating the Transportation System Plan and the Comprehensive Plan (\$146,190);
- 2) A Business Systems Analyst to improve data analysis, visual display, and the public interface for the update to the Transportation System Plan (\$75,790);
- 3) A Transportation Demand Assistant to continue providing Safe Routes to Schools services (\$41,150); and
- 4) An Electrician to continue to provide signals and streetlighting services (\$8,364).

*CBO Recommendation: \$0, 3.41 FTE*

**Realignment Packages Converting Positions to Permanent, TR\_22-25, TR\_29-32, \$0, 0.67 FTE**

CBO recommends PBOT's eight realignment packages to convert positions to permanent status:

- 1) Two Engineering Technicians to respond to an increased volume of applications being submitted for temporary use of the right-of-way (\$151,704);
- 2) Two Engineering Technicians to map Street Opening permits issued and to maintain the depository of GIS data related to the Environmental Assessment permitting program in the Utility Permitting section (\$160,296);
- 3) An Engineering Technician to respond to an increase in permit volumes and work load associated with new and transferred programs in the Right-of-Way Permitting group (\$84,768);
- 4) A Right-of-Way Agent to respond to an increased volume of lease contracts and revenue generated from the leasing program (\$67,560);
- 5) An Administrative Assistant to continue providing administrative services to the Assistant Director and group managers (\$74,748);
- 6) A Management Assistant to ensure that the bureau delivers on specific legislative and asset management initiatives (\$74,748);
- 7) A Management Analyst to provide support for parking partnerships in new parking meter districts (\$90,948); and
- 8) An Engineering Technician to provide increased permit processing services in the Parking Operations program (\$67,140).

*CBO Recommendation: \$0, 0.67 FTE*

**City of Portland**  
 Decision Package Recommendations  
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
<b>Portland Bureau of Transportation</b>											
<u>Adds</u>											
TR_01 - Maintenance & Safety Funding	01	2.00	0	5,000,000	0	5,000,000	0.00	0	2,200,000	0	2,200,000
TR_02 - Major Maint & Infrastructure Replacement Prc	02	0.00	0	24,482,709	0	24,482,709	0.00	0	5,557,000	0	5,557,000
TR_03 - Orphan Highway Evaluation / Assessment	03	0.00	0	200,000	0	200,000	0.00	0	0	0	0
TR_04 - LID Value Capture	04	0.00	0	50,000	0	50,000	0.00	0	0	0	0
TR_05 - Youth Bus Pass	05	0.00	0	1,000,000	0	1,000,000	0.00	0	0	0	0
TR_06 - Last Thursday Events	06	0.00	0	25,000	0	25,000	0.00	0	0	0	0
TR_07 - Citywide Enhanced Transit Corridors (ETC) P	07	0.00	0	100,000	0	100,000	0.00	0	0	0	0
TR_08 - Portland's Climate Change Goals-Smart Trips	08	0.00	0	150,000	0	150,000	0.00	0	0	0	0
TR_09 - Portland's Community Needs - Safe Routes to	09	0.00	0	300,000	0	300,000	0.00	0	60,000	0	60,000
TR_10 - Development Review - Add Positions	10	2.00	0	0	216,660	216,660	2.00	0	0	216,660	216,660
TR_11 - Streetcar Operations - Add Position - Officer	11	1.00	0	0	68,208	68,208	1.00	0	0	68,208	68,208
TR_12 - Sewer Cleaning - Add Positions - BES IA	12	2.00	0	0	250,000	250,000	2.00	0	0	250,000	250,000
TR_13 - LED Lights Replacement - Add Position	13	1.00	0	0	90,480	90,480	1.00	0	0	90,480	90,480
TR_14 - HSIP and Other Funded Projects - Add Position	14	3.00	0	0	259,452	259,452	3.00	0	0	259,452	259,452
<b>Total Adds</b>		<b>11.00</b>	<b>0</b>	<b>31,307,709</b>	<b>884,800</b>	<b>32,192,509</b>	<b>9.00</b>	<b>0</b>	<b>7,817,000</b>	<b>884,800</b>	<b>8,701,800</b>
<u>Realignments</u>											
TR_15 - Vision Zero / Safety - Add Position	01	1.00	0	0	0	0	1.00	0	0	0	0
TR_16 - ADA Sidewalk Ramp - Paving Prgm - Add Position	02	9.00	0	0	0	0	9.00	0	0	0	0
TR_17 - Capital Project Controls - Add Position	03	1.00	0	0	0	0	1.00	0	0	0	0
TR_18 - Community Involvement & Outreach - Add Position	04	1.00	0	0	0	0	1.00	0	0	0	0
TR_19 - Asset Management - Add Position	05	1.00	0	0	0	0	1.00	0	0	0	0
TR_20 - TSP & Comprehensive Plan - Extend LT Position	06	1.83	0	0	0	0	1.83	0	0	0	0
TR_21 - Smart Transpnt & Tech Innovation - Extend LT	07	0.83	0	0	0	0	0.83	0	0	0	0
TR_22 - Central Business District - Convert LT to FT	08	0.00	0	0	0	0	0.00	0	0	0	0
TR_23 - Utility Permitting - Convert LT to FT	09	0.00	0	0	0	0	0.00	0	0	0	0
TR_24 - ROW Use Permitting & Enforce - Add Position	10	0.00	0	0	0	0	0.00	0	0	0	0
TR_25 - ROW Acquisition - Convert LT to FT	11	0.00	0	0	0	0	0.00	0	0	0	0
TR_26 - Active Transportation - Extend LT	12	0.67	0	0	0	0	0.67	0	0	0	0
TR_27 - Electrical Maintenance - Extend LT	13	0.08	0	0	0	0	0.08	0	0	0	0

**City of Portland**  
 Decision Package Recommendations  
 (Includes Contingency and Ending Balance)

	Bureau Priority	Bureau Requested					CBO Analyst Recommendations				
		FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses	FTE	Gen Fund Ongoing	Gen Fund 1-Time	Other Revenues	Total Expenses
<b>Portland Bureau of Transportation</b>											
<i>Realignments</i>											
TR_28 - Streetcar Substation Maintenance - Add Posit	14	1.00	0	0	0	0	1.00	0	0	0	0
TR_29 - Administrative Services - Convert LT to FT	15	0.67	0	0	0	0	0.67	0	0	0	0
TR_30 - Legislative & Resource Dev - Add Position	16	0.00	0	0	0	0	0.00	0	0	0	0
TR_31 - Parking Operations Partnership- Convert LT to	17	0.00	0	0	0	0	0.00	0	0	0	0
TR_32 - Parking Operations Permitting - Convert PT to	18	0.00	0	0	0	0	0.00	0	0	0	0
<i>Total Realignments</i>		<i>18.08</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>18.08</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
<b>Total Portland Bureau of Transportation</b>		<b>29.08</b>	<b>0</b>	<b>31,307,709</b>	<b>884,800</b>	<b>32,192,509</b>	<b>27.08</b>	<b>0</b>	<b>7,817,000</b>	<b>884,800</b>	<b>8,701,800</b>